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(Stock Exchange Code 6309)
January 11, 2019

To Shareholders with Voting Rights:

Hitoshi Yamamoto
President
Tomoe Engineering Co., Ltd.
5-15 Kitashinagawa 5-chome,
Shinagawa-ku, Tokyo, Japan

**NOTICE OF
THE 89TH ANNUAL SHAREHOLDERS MEETING**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 89th Annual Shareholders Meeting of Tomoe Engineering Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by mail or through electromagnetic means such as the Internet, etc. Please review the attached "Reference Documents for the Shareholders Meeting," and exercise your voting rights using one of the methods written on page 3 by 5:30 p.m. on Tuesday, January 29, 2019, Japan time.

- 1. Date and Time:** Wednesday, January 30, 2019 at 10:00 a.m., Japan time
 - 2. Place:** Green Wind, GardenCity Shinagawa on the 1st floor of SHINAGAWA GOOS located at 13-3, Takanawa 3-chome, Minato-ku, Tokyo, Japan
 - 3. Meeting Agenda:**
 - Matters to be reported:** (1) The Business Report, Consolidated Financial Statements for the Company's 89th Fiscal Year (from November 1, 2017 to October 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 - (2) Non-consolidated Financial Statements for the Company's 89th Fiscal Year (from November 1, 2017 to October 31, 2018)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)
 - Proposal 3:** Election of Four Directors serving as Audit & Supervisory Committee Members
 - Proposal 4:** Election of One Substitute Director serving as Audit & Supervisory Committee Member
 - Proposal 5:** Payment of Bonuses to Officers

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - ◎ Should the Reference Documents for the Shareholders Meeting, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.tomo-e.co.jp/>).
 - ◎ From among the documents to be attached to this notice, the Consolidated Statements of Changes in Shareholders' Equity of the Consolidated Financial Statements and Notes to the Consolidated Financial Statements as well as the Non-consolidated Statements of Changes in Shareholders' Equity of the Non-consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on the Company's website (<https://www.tomo-e.co.jp/>) in accordance with laws and ordinances and the provisions in Article 14 of the Articles of Incorporation of the Company. Therefore, they are not stated in the Appendix provided with this notice. The Consolidated Financial Statements and Non-consolidated Financial Statements stated in the Appendix provided with this notice are part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing audit reports and accounting audit reports, respectively.

Reference Documents for the Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Surplus

1. Matters regarding the year-end dividend

As its basic policy, the Company will implement appropriate and stable dividends while seeking to increase internal reserves to reinforce its financial position and management foundation, and by considering consolidated operating results, the group's medium-term business strategy and other factors in a comprehensive manner.

Based on the above policy, the Company proposes a year-end dividend of 24.50 yen per share for the current fiscal year, an increase of 2 yen per share from the previous fiscal year, taking into consideration the operating results for the fiscal year ended October 31, 2018 and the future outlook.

- (1) Matters regarding the assignment of assets to be distributed to shareholders and the total amount thereof
24.50 yen per share of the Company's common stock, in a total amount of 244,469,306 yen
As the Company has already paid the interim dividend of 22.50 yen per share, the annual dividend for the fiscal year ended October 31, 2018 will amount to 47 yen per share.
- (2) The date on which dividends of retained earnings become effective
January 31, 2019

2. Matters regarding appropriation of surplus

Regarding the internal reserves, the Company proposes as follows to reinforce the management foundation in preparation for the future business development.

- (1) Item of surplus to be increased and the amount thereof
General reserve of 800,000,000 yen
- (2) Item of surplus to be decreased and the amount thereof
Retained earnings brought forward of 800,000,000 yen

Proposal 2: Election of Ten Directors (excluding Directors serving as Audit & Supervisory Committee Members)

The term of office of all ten Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of ten Directors is proposed.

With regard to this proposal, the Audit & Supervisory Committee has decided that all candidates qualify as a Director of the Company after reviewing each candidate's execution of duties, performance and remarks made at the Board of Directors during the fiscal year ended October 31, 2018, and past experience, etc.

The candidates for Directors are as follows:

No.	Name	Current positions and responsibilities, etc. at the Company	Attributes
1	Hitoshi Yamamoto	President	Reappointment
2	Yoshito Honma	Managing Director General Manager, Machinery & Equipment Div.	Reappointment
3	Masayoshi Fukasawa	Managing Director In charge of General Affairs Div. and Business Coordination Div.	Reappointment
4	Akitomo Tamai	Managing Director General Manager, Chemical Products Div.	Reappointment
5	Akiyoshi Shinoda	Director Deputy General Manager, Chemical Products Div. (in charge of Fine Chemicals Dept., Electronic Materials Dept., and Plastics Dept.)	Reappointment
6	Masahiko Nakamura	Director Deputy General Manager, Machinery & Equipment Div. (in charge of Environmental Equipment Sales Dept.)	Reappointment
7	Toshiaki Yakura	Director In charge of Accounting Div. and Management Planning Dept. and General Manager, Accounting Div.	Reappointment
8	Katsuhiko Ito	Director Deputy General Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept. and Overseas Sales Dept.)	Reappointment
9	Tetsuyuki Azuma	Director Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Industrial Materials Dept.)	Reappointment
10	Atsushi Sada	General Manager, Technical Development Dept., Machinery & Equipment Div.	New appointment

New appointment	Candidate for new Director
Reappointment	Candidate for reappointment as Director
Outside Director	Candidate for Outside Director
Independent Officer	Candidate for independent officer stipulated by stock exchanges, etc.

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
1	Hitoshi Yamamoto (July 20, 1955) Reappointment	April 1979	Joined the Company	28,451
		April 2003	General Manager, Industrial Machinery Sales Dept., Machinery & Equipment Div.	
January 2007	Director Deputy General Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept.)			
January 2009	Managing Director General Manager, Machinery & Equipment Div.			
January 2013	Senior Managing Director General Manager, Chemical Products Div.			
January 2015	President (current position)			
(Reasons for selecting the candidate for Director) Mr. Hitoshi Yamamoto has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business and chemical products business. Since assuming office as Representative Director in January 2015, he has duly performed his duties as a senior executive officer of the Group. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				
2	Yoshito Honma (October 2, 1952) Reappointment	November 1975	Joined the Company	25,095
		January 2005	General Manager, Environmental Equipment Sales Dept., Machinery & Equipment Div.	
April 2008	General Manager, Osaka Branch Office			
January 2009	Director			
January 2011	President, Tomoe Machinery Service Co., Ltd.			
January 2013	Managing Director of the Company (current position) General Manager, Machinery & Equipment Div. (current position)			
(Reasons for selecting the candidate for Director) Mr. Yoshito Honma has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2009, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
3	Masayoshi Fukasawa (January 14, 1952) Reappointment	April 1975	Joined the Company	17,076
		April 2007	General Manager, General Affairs Div.	
January 2011	Director In charge of General Affairs Div. and Business Coordination Div. and General Manager, General Affairs Div.			
April 2013	In charge of General Affairs Div. and Business Coordination Div. (current position)			
January 2015	Managing Director (current position)			
(Reasons for selecting the candidate for Director) Mr. Masayoshi Fukasawa has abundant operational knowledge and experience on the Company's overall business with focus on the administrative division. Since assuming office as a Director in January 2011, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				
4	Akitomo Tamai (February 12, 1957) Reappointment	April 1980	Joined JDC CORPORATION	19,003
		April 1988	Joined Elkem Japan K.K.	
		April 2000	Joined the Company	
		November 2005	General Manager, Industrial Materials Dept., Chemical Products Div.	
		January 2011	Director Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept., Industrial Materials Dept., and Fine Chemicals Dept.) President, Tomoe Butsuryu Co., Ltd.	
		November 2012	President, Tomoe Trading (Shenzhen) Co., Ltd. (current position)	
		January 2013	Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept. and Industrial Materials Dept.) and General Manager, China Business Promotion Dept., Chemical Products Div. of the Company	
November 2017	Deputy General Manager, Chemical Products Div. (in charge of Plastics Dept. and Industrial Materials Dept.)			
January 2018	Managing Director (current position) General Manager, Chemical Products Div. (current position)			
(Reasons for selecting the candidate for Director) Mr. Akitomo Tamai has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2011, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held
5	Akiyoshi Shinoda (August 23, 1961) Reappointment	<p>April 1985 Joined Nippon Kaiji Kentei Kyokai</p> <p>September 1989 Joined the Company</p> <p>November 2011 General Manager, Chemical Products Sales Dept., Osaka Branch Office</p> <p>April 2014 General Manager, Fine Chemicals Dept., Chemical Products Div.</p> <p>January 2015 Director (current position) Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Electronic Materials Dept.) and General Manager, Fine Chemicals Dept.</p> <p>April 2015 Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept., Electronic Materials Dept., and Fine Chemicals Dept.)</p> <p>January 2018 Deputy General Manager, Chemical Products Div. (in charge of Fine Chemicals Dept., Electronic Materials Dept., and Plastics Dept.) (current position) President, Tomoe Butsuryu Co., Ltd. (current position)</p>	16,028
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Akiyoshi Shinoda has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>			
6	Masahiko Nakamura (March 10, 1956) Reappointment	<p>April 1978 Joined MARUDAI FOOD CO., LTD.</p> <p>December 1978 Joined Kyushu Setsubi Kosha K.K.</p> <p>August 1990 Joined the Company</p> <p>January 2009 General Manager, Environmental Equipment Sales Dept., Machinery & Equipment Div.</p> <p>January 2015 Director (current position) Deputy General Manager, Machinery & Equipment Div. and General Manager, Environmental Equipment Sales Dept.</p> <p>April 2015 Deputy General Manager, Machinery & Equipment Div. (in charge of Environmental Equipment Sales Dept.) (current position)</p>	6,451
<p>(Reasons for selecting the candidate for Director)</p> <p>Mr. Masahiko Nakamura has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
7	Toshiaki Yakura (May 31, 1958) Reappointment	April 1981 April 2008 October 2012 April 2014 January 2015	Joined The Fuji Bank, Limited General Manager, Americas Business Operations Department, Mizuho Corporate Bank, Ltd. Joined the Company General Manager assistant to Accounting Div. General Manager, Accounting Div. Director (current position) In charge of Accounting Div. and Management Planning Dept. and General Manager, Accounting Div. (current position)	7,050
		(Reasons for selecting the candidate for Director) Mr. Toshiaki Yakura has abundant knowledge and experience with regard to accounting and management planning. Since assuming office as a Director in January 2015, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.		
8	Katsuhiko Ito (September 21, 1964) Reappointment	April 1987 April 2013 January 2017	Joined the Company General Manager, Machinery & Equipment Dept., Osaka Branch Office Director (current position) Deputy General Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept. and Overseas Sales Dept.) (current position)	6,329
		(Reasons for selecting the candidate for Director) Mr. Katsuhiko Ito has abundant operational knowledge and experience on the Company's overall business with focus on the machinery and equipment business. Since assuming office as a Director in January 2017, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held	
9	Tetsuyuki Azuma (August 16, 1960) Reappointment	April 1984 November 2009 January 2018 April 2018	Joined the Company General Manager, Advanced Materials Dept., Chemical Products Div. Director (current position) Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Industrial Materials Dept.) and General Manager, Advanced Materials Dept. Deputy General Manager, Chemical Products Div. (in charge of Advanced Materials Dept. and Industrial Materials Dept.) (current position)	6,572
		(Reasons for selecting the candidate for Director) Mr. Tetsuyuki Azuma has abundant operational knowledge and experience on the Company's overall business with focus on the chemical products business. Since assuming office as a Director in January 2018, he has duly performed duties in general as Director. Therefore, the Company believes that he is qualified as a Director of the Company and reappoints him as a candidate for Director.		
10	Atsushi Sada (October 30, 1964) New appointment	April 1988 November 2016	Joined the Company General Manager, Technical Development Dept., Machinery & Equipment Div. (current position)	108
		(Reasons for selecting the candidate for Director) Mr. Atsushi Sada has been engaged in the machinery and equipment business since joining the Company and has abundant knowledge and experience on said business overall. Therefore, the Company expects that he is capable of duly performing his duties as a Director and appoints him as a candidate for Director.		

(Notes)

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate includes those held by the Tomoe Engineering officers' shareholding association or the Tomoe Engineering employees' shareholding association.

Proposal 3: Election of Four Directors serving as Audit & Supervisory Committee Members

The term of office of all four Directors serving as Audit & Supervisory Committee Members will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of four Directors serving as Audit & Supervisory Committee Members is proposed. The Audit & Supervisory Committee has given its consent to this proposal.

The candidates for Directors serving as Audit & Supervisory Committee Members are as follows:

No.	Name	Current positions and responsibilities, etc. at the Company	Attributes
1	Mitsuo Matsumoto	Director (Director serving as Audit & Supervisory Committee Member)	Reappointment
2	Toshiharu Murase	Outside Director (Director serving as Audit & Supervisory Committee Member)	Reappointment Outside Director Independent Officer
3	Makoto Nakamura	Outside Director (Director serving as Audit & Supervisory Committee Member)	Reappointment Outside Director Independent Officer
4	Tatsuo Hasunuma	—	New appointment Outside Director Independent Officer

New appointment	Candidate for new Director
Reappointment	Candidate for reappointment as Director
Outside Director	Candidate for Outside Director
Independent Officer	Candidate for independent officer stipulated by stock exchanges, etc.

No.	Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
1	Mitsuo Matsumoto (April 14, 1951) Reappointment	July 1998	Joined the Company	14,340
		November 2007	General Manager, Accounting Div.	
April 2011	Accounting Director			
January 2013	Director In charge of Accounting Div. and Management Planning Dept.			
January 2015	Senior Standing Audit & Supervisory Board Member			
January 2017	Director (Director serving as Audit & Supervisory Committee Member) (current position)			
(Reasons for selecting the candidate for Director) Mr. Mitsuo Matsumoto served as a Director in charge of the Accounting Div. and Management Planning Dept. after experiencing operations at the accounting division, and has financial, accounting and legal knowledge necessary for the execution of duties. Since assuming office as a Director serving as Audit & Supervisory Committee Member in January 2017, he has duly performed duties in general as Director serving as Audit & Supervisory Committee Member. Therefore, the Company believes that he is qualified and reappoints him as a candidate for Director serving as Audit & Supervisory Committee Member.				
2	Toshiharu Murase (October 16, 1951) Reappointment Outside Director Independent Officer	April 1975	Joined The Fuji Bank, Limited	4,555
		April 2002	General Manager of Shinjuku Branch, Mizuho Bank, Ltd.	
		September 2003	Deputy Director-General, Mizuho Corporate Bank, Ltd.	
		June 2005	Executive Officer, TAKACHIHO KOHEKI CO., LTD.	
		June 2008	Director and Vice President, Mizuho Factors, Limited	
		January 2012	Outside Audit & Supervisory Board Member of the Company	
		January 2013	Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	
January 2017	Outside Director (Director serving as Audit & Supervisory Committee Member) (current position)			
(Reasons for selecting the candidate for Outside Director) Mr. Toshiharu Murase has long been engaged in corporate management and the banking business and has financial, accounting and legal knowledge necessary for the execution of duties. Since assuming office as an Outside Director serving as Audit & Supervisory Committee Member in January 2017, he has duly performed duties in general as Director serving as Audit & Supervisory Committee Member. Therefore, the Company believes that he is qualified and reappoints him as a candidate for Director serving as Audit & Supervisory Committee Member.				

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of the Company held			
3	Makoto Nakamura (September 28, 1955) <table border="1" style="width: 100%;"><tr><td>Reappointment</td></tr><tr><td>Outside Director</td></tr><tr><td>Independent Officer</td></tr></table>	Reappointment	Outside Director	Independent Officer	April 1988 Admitted to the TOKYO BAR ASSOCIATION March 1993 Established Shinjuku Daiichi Law Office January 2011 Outside Audit & Supervisory Board Member of the Company January 2017 Outside Director (Director serving as Audit & Supervisory Committee Member) (current position) September 2017 Established Kamijikkoku Nakamura Law Office (to the present)	1,673
	Reappointment					
Outside Director						
Independent Officer						
(Reasons for selecting the candidate for Outside Director) Although Mr. Makoto Nakamura has never been directly involved in corporate management except as an Outside Officer, he is well versed in corporate legal affairs as an attorney-at-law and has financial, accounting and legal knowledge necessary for the execution of duties. Since assuming office as an Outside Director serving as Audit & Supervisory Committee Member in January 2017, he has duly performed duties in general as Director serving as Audit & Supervisory Committee Member. Therefore, the Company believes that he is qualified and reappoints him as a candidate for Director serving as Audit & Supervisory Committee Member.						
4	Tatsuo Hasunuma (September 8, 1952) <table border="1" style="width: 100%;"><tr><td>New appointment</td></tr><tr><td>Outside Director</td></tr><tr><td>Independent Officer</td></tr></table>	New appointment	Outside Director	Independent Officer	April 1971 Joined the Tokyo Regional Taxation Bureau July 2002 Professor, Research Department, National Tax College July 2008 Chief Examiner, Second Examination Group, Tokyo Regional Taxation Bureau July 2012 District Director, Nerima-nishi Tax Office September 2013 Opened Tatsuo Hasunuma Certified Public Tax Accountant Office (to the present)	0
	New appointment					
Outside Director						
Independent Officer						
(Reasons for selecting the candidate for Outside Director) Although Mr. Tatsuo Hasunuma has never been directly involved in corporate management, he has long been engaged in corporate taxation and has financial, accounting and legal knowledge necessary for the execution of duties. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Director serving as Audit & Supervisory Committee Member.						

(Notes)

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate includes those held by the Tomoe Engineering officers' shareholding association.
3. Messrs. Toshiharu Murase, Makoto Nakamura and Tatsuo Hasunuma are candidates for Outside Directors.
4. Messrs. Toshiharu Murase, Makoto Nakamura and Tatsuo Hasunuma satisfy the criteria for independence of outside officers stipulated by the Company, in addition to the criteria for independent officers stipulated by the Tokyo Stock Exchange. Therefore, the Company believes that each candidate's independence has been fully secured. If this proposal is approved, the Company will notify the Tokyo Stock Exchange of each candidate as an independent officer stipulated by the Exchange.
5. Messrs. Toshiharu Murase and Makoto Nakamura are currently serving as Outside Directors serving as Audit & Supervisory Committee Members. They will have served as Outside Directors serving as Audit & Supervisory Committee Members for two years at the conclusion of this Annual Shareholders Meeting. Messrs. Toshiharu Murase and Makoto Nakamura have served as Outside Audit & Supervisory Board Members of the Company before assuming office as Outside Directors of the Company.
6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Messrs. Mitsuo Matsumoto, Toshiharu Murase and Makoto Nakamura, current Directors serving as Audit & Supervisory Committee Members, to limit their liabilities stipulated in Article 423, Paragraph 1 of the Companies Act. The limit on liability for damages under the agreement is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act. If this proposal is approved and the four candidates are elected as Directors serving as Audit & Supervisory Committee Members, the Company intends to enter into liability limitation agreements with each of them under the same terms and conditions.

Proposal 4: Election of One Substitute Director serving as Audit & Supervisory Committee Member

In preparation for the contingency that the number of Directors serving as Audit & Supervisory Committee Members falls below the number stipulated by laws and ordinances, the election of one Substitute Director serving as Audit & Supervisory Committee Member is proposed. The resolution of this proposal will expire at the beginning of the annual shareholders meeting held for the last business year ending within two years after the resolution.

The Audit & Supervisory Committee has given its consent to this proposal.

The candidate for Substitute Director serving as Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions and responsibilities		Number of shares of the Company held
Naohiro Chikada (December 19, 1969) <div style="border: 1px solid black; padding: 2px; width: fit-content;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Officer</div>	July 2004	Partner of ChuoAoyama Pricewaterhouse Coopers	0
	August 2006	Opened Chikada Certified Public Accountant Office (to the present)	
	July 2008	Representative Director, Chiyoda Accounting Corporation (current position)	
	June 2009	Representative Partner, Koa Audit Corporation (current position)	
	June 2016	Outside Director (Audit Committee Member), RIZAP GROUP, Inc. (current position)	
	April 2018	Outside Director (Audit & Supervisory Committee Member), SKIYAKI Inc. (current position)	
	(Significant concurrent positions) Outside Director (Audit Committee Member), RIZAP GROUP, Inc. Outside Director (Audit & Supervisory Committee Member), SKIYAKI Inc.		
(Reasons for selecting the candidate for Substitute Outside Director) Mr. Naohiro Chikada has long been engaged in corporate accounting and taxation as a certified public accountant and tax accountant, and has financial, accounting and legal knowledge necessary for the execution of duties. Therefore, the Company believes that he is qualified as an Outside Director serving as Audit & Supervisory Committee Member and appoints him as a candidate for Substitute Director serving as Audit & Supervisory Committee Member.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Naohiro Chikada is a candidate for Outside Director.
3. Mr. Naohiro Chikada satisfies the criteria for independence of outside officers stipulated by the Company, in addition to the criteria for independent officers stipulated by the Tokyo Stock Exchange. Therefore, the Company believes that his independence has been fully secured.
4. There are no special interests between RIZAP GROUP, Inc. and SKIYAKI Inc., in which Mr. Naohiro Chikada serves as an Outside Director, and the Company, respectively.
5. In the event that Mr. Naohiro Chikada assumes office as a Director serving as Audit & Supervisory Committee Member, the Company will, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an agreement to limit his liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act. The limit on liability for damages under the agreement will be the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act.

Proposal 5: Payment of Bonuses to Officers

By considering the operating results for the fiscal year ended October 31, 2018 and other factors, payment of bonuses to four Directors (excluding Directors serving as Audit & Supervisory Committee Members) and four Directors serving as Audit & Supervisory Committee Members in the total amount of 64,909,000 yen (45,362,000 yen for Directors (excluding Directors serving as Audit & Supervisory Committee Members), and 19,547,000 yen for Directors serving as Audit & Supervisory Committee Members) is proposed. With regard to this proposal, the Audit & Supervisory Committee and Audit & Supervisory Committee Members have determined that the procedures to decide the total amount of bonuses to Officers and the specific method of calculation, etc. are appropriate and valid.

(Reference)

Selection criteria for Outside Directors of the Company

Outside Directors and the candidates for Outside Director of the Company shall be the individuals satisfying the following criteria:

1. The individuals who are capable of directly supervising the matters regarding management in general, financial and legal affairs, corporate governance and other issues that are deliberated or resolved at the Board of Directors meetings.
2. The individuals who have insight, expertise and experience conducive to the sustainable growth and medium- to long-term enhancement of corporate value of the Company, and are capable of expressing useful opinions and giving advice regarding the matters related to corporate management, including business strategy, formulation of medium-term management plan, etc.

Criteria for independence of Outside Directors of the Company

Outside Directors and the candidates for Outside Director of the Company shall be the individuals that do not fall under the following criteria 1 to 5. The applicable period for the criteria 2 to 5 shall be the present and the past ten years.

1. Individual related to the Group
Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Accounting Advisor, Executive Officer, Operating Officer or employee (hereinafter, "Executive, etc.") of the Company, or subsidiaries and affiliates of the Company (hereinafter, "the Group")
2. Shareholder and individual related thereto
 - (1) A shareholder who holds 10% or more of the Company's voting rights, or Executive, etc. of such shareholder
 - (2) An Executive, etc. of the company in which the Group holds 10% or more of voting rights
3. Individual related to business partner
 - (1) Executive, etc. of a business partner that records a transaction amount with the Group equivalent to 2% or more of said entity's consolidated net sales or; Executive, etc. of a business partner with which the Group records a transaction amount equivalent to 2% or more of the Group's consolidated net sales
 - (2) Executive, etc. of a financial institution from which the Group is borrowing an amount equivalent to 2% or more of the Group's consolidated total assets
4. Attorney-at-law, certified public accountant, tax accountant, etc.
 - (1) Certified public accountant, or employee or partner of an audit corporation, which is the Accounting Auditor of the Group
 - (2) An individual who receives an annual remuneration of 10 million yen or more from the Group as attorney-at-law, certified public accountant, tax accountant or other consultant, in addition to the remuneration as an officer
5. Others
 - (1) A spouse or any family within the second degree of kinship of the individual that falls under the above criteria 1 to 4
 - (2) Executive, etc. of a company, between which and the Group directors are mutually appointed
 - (3) Executive, etc. of a company, between which and the Group mutually hold shares